



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON, D. C. 20551

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

August 26, 1997

Mr. Zubair Kazi
Mrs. Khatija Kazi
3671 Sunswept Drive
Studio City, California 91604

Dr. Yahia Abdul-Rahman
Mrs. Magda Abdul-Rahman
c/o Smith Barney, Inc.
70 South Lake Avenue, Suite 1000
Pasadena, California 91001

Dear Sirs and Mesdames:

The Board of Governors has reviewed the notice filed by all of you (collectively, "Notificants") under the Change in Bank Control Act (12 U.S.C. § 1817(j)) ("CIBC Act") to acquire up to 55 percent of the voting shares of Greater Pacific Bancshares, Inc. ("Greater Pacific"), and thereby control its subsidiary bank, Bank of Whittier, N.A. ("Bank"), both of Whittier, California.^{1/}

In reviewing this notice, the Board has carefully considered comments submitted by a shareholder of Greater Pacific who has agreed to sell his shares to Notificants ("Protestant").^{2/} Protestant questions how Notificants' commitment to maintain Bank at a well capitalized level will be measured and

^{1/} Mr. and Mrs. Kazi propose to acquire jointly up to 35 percent, and Dr. and Mrs. Abdul-Rahman propose to acquire jointly up to 20 percent, of the voting shares of Greater Pacific.

^{2/} Under the Board's Regulation Y, only the notificant is entitled to participate as a party in the Board's consideration of a notice under the CIBC Act, and only the notificant has standing to request a hearing if the Board disapproves the notice. See 12 C.F.R. 225.43(c)(7) and 225.43(h)(3); see also Board letter to Norman Harned dated December 20, 1990, regarding a CIBC Act notice files by CenTra, Inc., Warren, Michigan and letters cited therein.

enforced, and whether all the Notificants have the financial resources to consummate the proposal and fulfill this commitment.^{3/}

Notificants have committed to maintain Bank at the "well capitalized" level as defined by the Office of the Comptroller of the Currency for national banks.^{4/} As a commitment relied on in taking action on the notice, the commitment is deemed to be a condition imposed in writing by the Board in connection with its findings and decision on the notice, and as such, may be enforced in proceedings under applicable law. The Board has carefully reviewed the financial condition of Notificants in light of all the facts of record, including confidential financial information provided by Notificants and financial projections in the notice.^{5/} The Board concludes that Notificants have sufficient financial resources to consummate the proposal and to comply with the commitment. Notificants also have committed to report promptly any change in their financial condition or their arrangements to finance the purchase of the shares subject to the notice. Dr. and Mrs. Abdul-Rahman also have committed to provide prior notice under the CIBC Act before increasing their share ownership to 25 percent or more of the voting shares of Greater Pacific.

In light of all the facts of record, including Protestant's comments, reports of examination from the appropriate federal banking agencies, information

^{3/} Protestant also maintains that the minority shareholders of Greater Pacific would have no market for their shares and no input in the management of the company after consummation of the proposal. The Board has limited jurisdiction to review a CIBC Act notice and is not authorized to consider such matters as the value of minority shareholder's investments unless they directly relate to a statutory factor enumerated in the CIBC Act. See e.g. Western Bancshares, Inc. v. Board of Governors, 480 F.2d 749 (10th Cir. 1973). The record contains no facts that relate the marketability of stock held by Greater Pacific's minority shareholders to a statutory factor. Moreover, the role of minority shareholders in corporate governance is not relevant to this notice. As discussed in this letter, the Board has evaluated managerial considerations with respect to Notificants, who are the only shareholders of Greater Pacific that are subject to consideration under the CIBC Act at this time.

^{4/} See 12 C.F.R. 6.4(b)(1).

^{5/} See 12 U.S.C. 1817(j)(7)(C).

included in the notice and supplemental information from Notificants, and other supervisory information, the Board concludes that all the factors required to be considered under the CIBC Act are favorable.^{6/} Accordingly, based on all facts or record and for the reasons explained in this letter, the Board has determined not to disapprove this notice. As noted, the commitments by Notificants are deemed to be conditions imposed in writing and enforceable by law.

Please advise the Federal Reserve Bank of San Francisco in writing when the proposal has been consummated. If the proposal has not been consummated within one year of this date, if its terms or conditions change, or if any of the parties change, the Reserve Bank should be consulted to determine whether any additional action or notification is required.

Very truly yours,



Jennifer J. Johnson
Deputy Secretary of the Board

cc: Office of the Comptroller of the Currency, Western District
Nasib Gannam
Bank of Whittier, N.A.
Laura Dean Richardson, Esq.
Gary Steven Findley & Associates

^{6/} In evaluating the managerial factor, the Board also has considered Protestant's contention that Notificants' plan to sell Greater Pacific stock in a public offering conflicts with their commitment to purchase additional shares to ensure that Bank is well capitalized. Notificants' commitment does not restrict their ability to raise capital for Bank by any other means, including a public offering of Greater Pacific stock. Protestant also objects that the planned public offering was not disclosed to Greater Pacific management. Notificants have disclosed their options for raising capital to the Board and to Greater Pacific management in connection with this notice. See 12 U.S.C. § 1817(j)(7)(D).